The Supply (Value) Chain

What was the position of the Namibian electricity distribution industry before REDs? Namibia’s electricity sector can be divided into the following main categories: (1) generation (that is the actual making/production of electricity); (2) transmission (that is the transport of bulk electricity exclusively by NamPower over high voltage lines); and (3) distribution. As the voltage on transmission lines is too high to connect customers directly, the electricity is stepped down to lower voltage and then distributed to the customers (which is a local network system) and becomes the responsibility of the distribution licensees. The distribution licensees supply the electricity to the final consumers.

The main distributors in Namibia are Local Authorities (LAs) and Regional Councils (RCs) supplying the residents & farmers in their areas; NamPower supplying mainly farms, private farmers’ schemes1 and mines; and in addition the LA Surcharges 6 (more details on this in a future article) specific sections on REDs. The Electricity Bill also provides amply for subordinate rules and regulations, which will further regulate REDs. Thus the RED Act regulates electricity licensees (that includes REDs) and there is included in the new Electricity Bill (more details on this in a future article) specific sections on REDs. The Electricity Act also provides amply for subordinate rules and regulations, which will further regulate REDs. Thus the RED Act regulates electricity licensees (that includes REDs) and there is included in the new Electricity Bill (more details on this in a future article) specific sections on REDs.

Who are the actual shareholders of the existing REDs? Why are some LAs and RCs opposing the establishment of REDs? Why are REDs not regulated through a specific Act? Why are some LAs and RCs opposing the establishment of REDs? Why are REDs not regulated through a specific Act? Why are REDs not regulated through a specific Act?

The ideal entity recommended by the Restructuring Study (part of the Electricity Restructuring Study) was capturing the electricity businesses of distributors – meaning electricity was lopped with other services and therefore electricity income, even after profits, loss, etc. were not clearly known to most distributors; (d) lack of standards on service quality, etc. It was clear that this situation could not continue and was in need of reform. If this situation was not reformed, the aims of Vision 2030 cannot be achieved.

The main problems experienced in the distribution industry (and still continues to be experienced everywhere) are:

1. The REDs and on the electricity customers in a LA. In fact, the REDs do not have the finances to do so.
2. The ideal entity recommended by the Restructuring Study (part of the Electricity Restructuring Study) was capturing the electricity businesses of distributors – meaning electricity was lopped with other services and therefore electricity income, even after profits, loss, etc. were not clearly known to most distributors; (d) lack of standards on service quality, etc. It was clear that this situation could not continue and was in need of reform. If this situation was not reformed, the aims of Vision 2030 cannot be achieved.

1 A farmer scheme is where a group of commercial farmers establishes a company and, under the name of such company, construct an electricity network on their farms. Such company then distributes electricity in the area of the farmers who joined the scheme.
2 There are various mines in Namibia, which distribute electricity to the towns/settlements of people who work on and around the mines. Examples are Orpignoks in Tsumeb and Kombat, Rosh Pinah, Namdeb, etc.